

Assembly Bill No. 11

Passed the Assembly February 4, 2003

Chief Clerk of the Assembly

Passed the Senate February 3, 2003

Secretary of the Senate

This bill was received by the Governor this _____ day of
_____, 2003, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Section 16320 of the Government Code, and to repeal Section 10903 of the Revenue and Taxation Code, relating to state government, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 11, Oropenza. Reductions in the Budget Act of 2002 relating to state government.

(1) Existing law provides that moneys in the State Treasury may be loaned from one state fund or account to any other state fund or account to address the 2002–03 fiscal year budget shortfall.

This bill would provide that, in addition, moneys in the State Treasury may be loaned from one state fund or account to any other state fund or account to address the 2001–02 and 2003–04 fiscal year budget shortfalls.

(2) Existing law provides that these loans must be authorized by the 2002 Budget Act.

This bill would provide, in addition, that these loans may be authorized by legislation enacted in a 2003–04 Extraordinary Session, or in the 2003 Budget Act.

(3) The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 2% of the market value of that vehicle, as specified. Notwithstanding those provisions, the Vehicle License Fee Law provides for a vehicle license fee offset of 67.5%, and for vehicle license fees with a due date prior to July 1, 2001, requires a portion of that offset to be paid in the form of a rebate. Existing law provides, for the 2000–01 and 2001–02 fiscal years, that the rebate portion of this offset be paid from moneys in the Special Reserve Fund for Vehicle License Fee Tax Relief.

This bill would abolish the Special Reserve Fund for Vehicle License Fee Tax Relief. This bill would also transfer any remaining moneys in the fund to the General Fund, from which would be paid the rebate portion of the offsets applied against vehicle license fees due before July 1, 2001. This bill would also



make an appropriation by providing that, if these transferred moneys are not sufficient for this purpose, then any remaining offsets would be paid from the General Fund.

(4) Existing law requires certain periodic payments for long-term rentals (12 months or more), lease purchase financing, long-term leases, lease-to-own payments, vendor financing, and other financing and lease obligations.

This bill would appropriate the amounts necessary to make these periodic payments and payments on remaining unavoidable state obligations related to the elimination of programs for state departments whose appropriation authority has been reduced or eliminated due to budgetary reductions.

(5) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 16320 of the Government Code is amended to read:

16320. (a) Unless otherwise prohibited by law, moneys in the State Treasury may be loaned from one state fund or account to any other state fund or account to address the 2001–02, 2002–03, and 2003–04 fiscal year budgetary shortfalls, subject to all of the following conditions:

(1) The loan is authorized in the 2002 Budget Act, legislation enacted in a 2003–04 Extraordinary Session, or the 2003 Budget Act.

(2) The terms and conditions of the loan, including an interest rate, are set forth in the loan authorization.

(3) The loan is considered part of the balance of the fund or account that received the funds for the purpose of accounting and budgeting, including any determination made pursuant to Section 13307.

(4) The loan is not deducted from the balance of the fund or account from which the loan is made for purposes of calculating a fee or assessment.

(5) A fee or assessment is not increased as a result of a loan.

(6) Moneys loaned under this section are not considered a transfer of resources for purposes of determining the legality of the

use of those moneys by the fund or account from which the loan is made or the fund or account that received the loan.

(b) (1) The Director of Finance shall order the repayment of all or a portion of any loan made pursuant to subdivision (a) if he or she determines that either of the following circumstances exists:

(A) The fund or account from which the loan was made has a need for the moneys.

(B) There is no longer a need for the moneys in the fund or account that received the loan.

(2) The Director of Finance shall notify, in writing, the Chairperson of the Joint Legislative Budget Committee within 30 days of ordering the repayment of any of these loans.

(c) On August 1 of each year, the Director of Finance shall report in writing to the Chairperson of the Joint Legislative Budget Committee the balances of these loans as of the preceding June 30. On February 1 of each year, the Director of Finance shall provide an updated report to the Chairperson of the Joint Legislative Budget Committee on the balances of these outstanding loans, as reflected in the preceding Governor's Budget.

SEC. 2. Section 10903 of the Revenue and Taxation Code is repealed.

SEC. 3. Notwithstanding Section 13340 of the Government Code or any other provision of law, in order to account for certain budgetary reductions, the amounts necessary to make the following payments on behalf of the state are hereby appropriated without regard to fiscal year from any fund source that is legally available for that purpose, upon certification by the Department of Finance to the State Controller that funds are available from that source to be expended for that purpose:

(a) Periodic payments on long-term rentals (12 months or more), lease purchase financing, long-term leases, lease-to-own programs, vendor financing, or any other financing or lease obligations.

(b) Payments on remaining unavoidable state obligations related to the elimination of programs, such as payroll and certain contractual operating expenses, for those departments whose appropriation authority for the 2002–03 or 2003–04 fiscal year has been reduced or eliminated.

SEC. 4. The appropriation authorized by Section 5 of this act is available for payment of an obligation only if the Department



of Finance determines that the appropriation from which that obligation ordinarily would be paid is unavailable or insufficient to make the payments. Within 45 days after the end of each fiscal year quarter in which any payment is made pursuant to this act, the Department of Finance shall report the amounts appropriated pursuant to this act to the Chair of the Joint Legislative Budget Committee, and to the chair and vice chair of the committee in each house that considers the budget.

SEC. 5. (a) Notwithstanding any other provision of law, the Special Reserve Fund for Vehicle License Fee Tax Relief is abolished, and any moneys remaining in the Special Reserve Fund for Vehicle License Fee Tax Relief on the operative date of this section are hereby transferred to the General Fund.

(b) (1) Those moneys that are transferred pursuant to subdivision (a) shall be allocated by the Controller to the extent necessary to pay those as yet unpaid vehicle license fee offsets required by former Section 10754.2 of the Revenue and Taxation Code, as continued in operation on or after July 1, 2001, by Section 5 of Chapter 5 of the Statutes of 2001.

(2) If the moneys transferred pursuant to subdivision (a) are not sufficient to fulfill the purposes described in paragraph (1), those as yet unpaid vehicle license fee offsets required by former Section 10754.2 of the Revenue and Taxation Code, as continued in operation on and after July 1, 2001, by Section 5 of Chapter 5 of the Statutes of 2001, shall be paid from the General Fund.

(c) The Department of Motor Vehicles shall provide both of the following notices to the Controller in connection with each monthly report required pursuant to former Section 10754.2 of the Revenue and Taxation Code for additional vehicle license fee offsets calculated by that department pursuant to that former section, as continued in operation pursuant to Section 5 of Chapter 5 of the Statutes of 2001:

(1) A notice for each month of the total dollar amount of the additional vehicle license fee offsets calculated by the department during that month pursuant to former Section 10754.2 of the Revenue and Taxation Code, as continued in operation pursuant to Section 5 of Chapter 5 of the Statutes of 2001.

(2) A notice of the total dollar amount of the additional vehicle license fee offsets calculated by the department pursuant to former Section 10754.2 of the Revenue and Taxation Code, as continued



in operation pursuant to Section 5 of Chapter 5 of the Statutes of 2001, for the calendar year to the date of each monthly report provided pursuant to former Section 10754.2 of the Revenue and Taxation Code.

SEC. 6. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order that changes made to the 2002 Budget Act through extraordinary session legislation may be implemented at the earliest possible time, it is necessary for this act to take effect immediately.



Approved _____, 2003

Governor

